



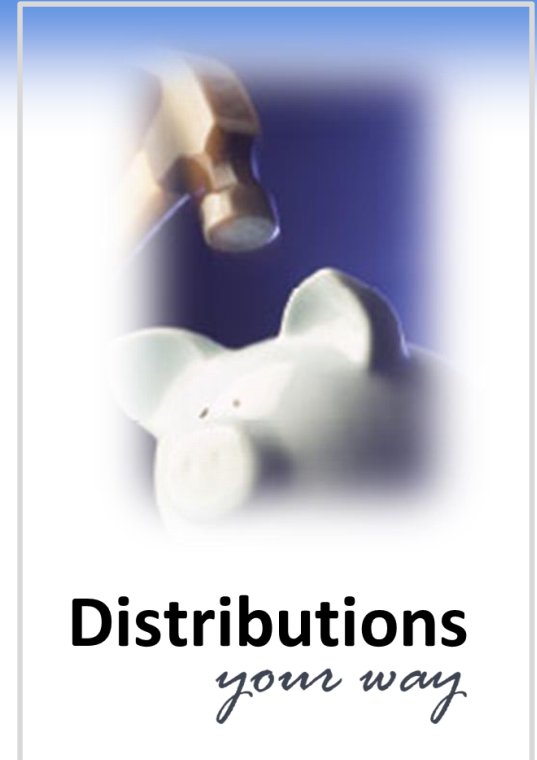
**Iowa
RETIREMENT INVESTORS' CLUB (RIC)**

Looking forward to retirement!

Once you leave employment, your RIC deferred compensation assets are yours! There are no vesting requirements or surrender penalties.

RIC plans provide great benefits throughout your retirement years.

My goal is to help you become familiar with your RIC plan benefits so you can make informed decisions about your income options and investments.



Program review

The Iowa **Retirement Investors' Club (RIC)** is a retirement savings plan administered for the exclusive benefit of you and your beneficiaries.

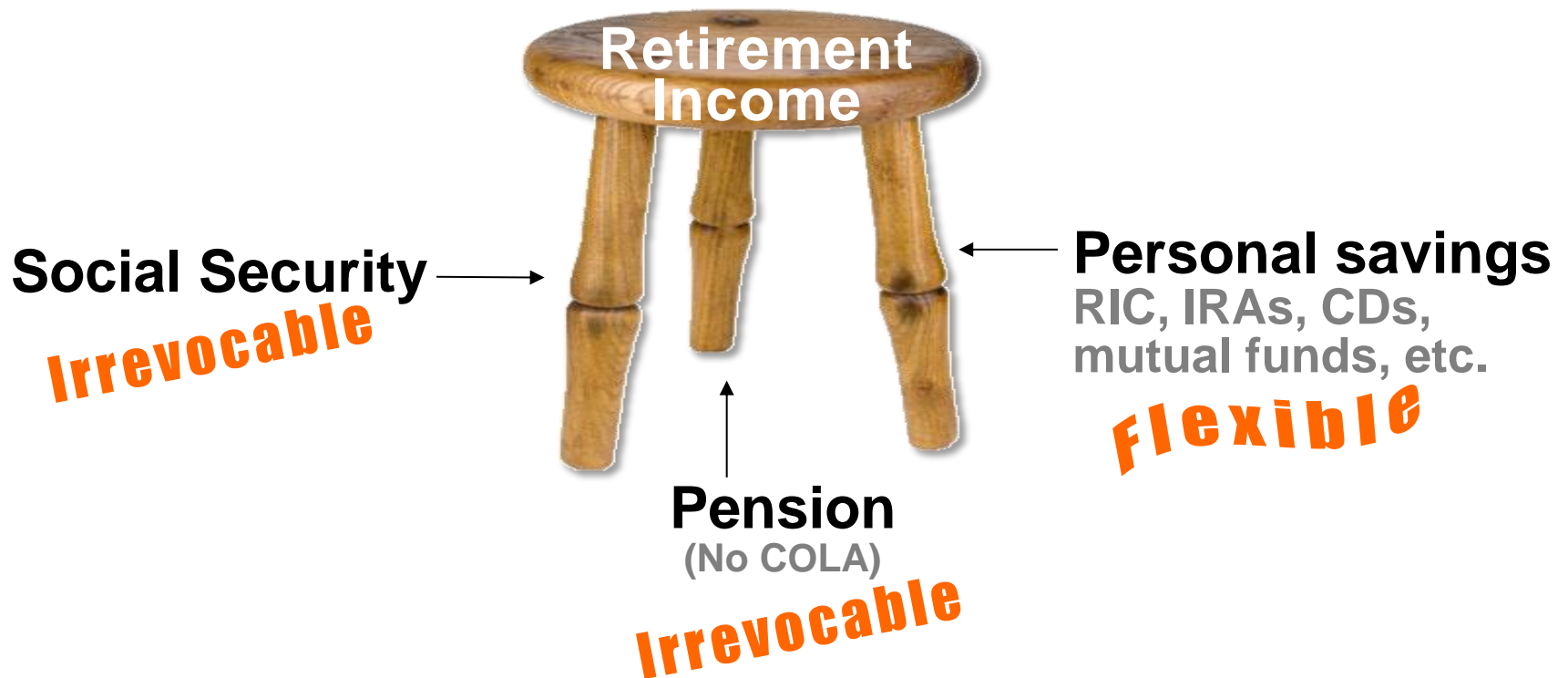


Participants enjoy:

- Tax advantages
- Diversified no-cost/low-cost investment options with no penalties or restrictions
- An additional source of retirement income

Program review

2 sources of retirement income are irrevocable once payments begin. IPERS does not provide COLA.



Program review (contributions)



3-Year Catch-Up qualifications:

- You have not contributed the IRS maximum every year since 1979
- You are within 4 years of normal retirement (IPERS - Rule of 88, Rule of 62/20 or age 65; POR- Age 55 & 22 years of service).

This is a 3 consecutive year benefit.

IRS Annual Maximum Contribution Limits		2017
Regular	100% of compensation up to:	\$ 18,000
Age 50+	The regular limit + \$6,000:	\$ 24,000
3-Year Catch-up	Up to twice the regular limit	\$ 36,000

457 contributions do not reduce Social Security & IPERS benefits.

Program review (contributions)

3-Year Catch-Up

To find out if you qualify, request a 3-Year Catch-Up Worksheet from RIC or your payroll office.



Retirement Investors' Club (RIC)
457/401a Plans
Look forward to retirement!!

3-Year Catch-Up Worksheet

If you have not been contributing the maximum contribution each year, you may be eligible to catch up on missed contributions. If eligible, you may contribute more than the regular annual contribution limit during the three years prior to, but not including, the year you declare as your normal retirement age. The maximum 3-Year Catch-Up limit is twice the regular limit, which for 2013 is \$35,000. This limit includes the IRS regular limit + your missed contribution amount (not to exceed the regular limit) in each 3-Year Catch-Up year.

Name: Employee ID: Birthdate:

Table 1	A	+	B	=	C	C x 25% =	D	-	E	=	F
Year	Federal Taxable Income		Deferred Comp Deductions		Available Wages	Amount Available for Calculation	Maximum* Contribution Limit		Def Comp Deductions (Column B)		Available Dollars
1979**					0.00	0.00	0.00		0.00		0.00
1980					0.00	0.00	0.00		0.00		0.00
1981					0.00	0.00	0.00		0.00		0.00
1982					0.00	0.00	0.00		0.00		0.00
1983					0.00	0.00	0.00		0.00		0.00
1984					0.00	0.00	0.00		0.00		0.00
1985					0.00	0.00	0.00		0.00		0.00
1986					0.00	0.00	0.00		0.00		0.00
					0.00	0.00	0.00		0.00		0.00

Program review (tax benefits)

Pretax and post-tax options



You have the choice to have your payroll deductions taken on a pretax and/or post-tax Roth basis.



	Pretax	Post-tax Roth
Taxing of <i>contributions</i>	None	Regular tax withholding
Immediate tax benefit	Lower taxable income	None
Taxing of <i>earnings</i>	Tax-deferred until withdrawn	Tax-free if qualified
Consideration	Lower tax rate in retirement?	Higher tax rate in retirement?

Program review (tax benefits)

Roth 457 vs. Roth IRA

		Type of Roth	Funding Source	Income Limits	Contribution Limits	RMD at 70 ½
Employer-sponsored plan			Payroll deductions only	None	\$18,000 \$24,000 \$36,000	Yes
Individual retirement account			Checking, savings, etc.	Yes	\$5,500 \$6,500	No

Program review (employer match)

Employer Match



The State matches your 457 contributions up to **\$75/month**.

Match contributions are deposited into your selection of RIC investments in your 401a account.

Match contributions do not affect 457 contribution limits.

Program review (roll-ins)

Outside retirement plan assets may be rolled into and out of RIC at any time. This is a non-taxable transfer.

457 plan assets
from previous
public employers



Traditional/rollover IRA,
pretax 401k & 403b, etc.

Consider RIC benefits of penalty-free competitive fixed rate accounts, no-load/low-cost mutual funds, expert advisors, etc.

Program review (investments)

Selection process

A public competitive bid* determines which providers will offer investment products and services.

Required minimum standards:

- Diversified, competitive funds
- Restriction and penalty-free investments
- Flexible distribution options
- 24/7 internet/phone account access
- Investment planning tools
- And more at low cost

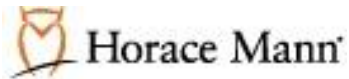


Investment options must satisfy investment policy standards and annual reviews requirements.

* At least every 6 years

Investments

RIC Providers



Fund Categories

Fixed Rate



- Declared rate-fixed period
- Guaranteed by provider
- Always liquid
- No market risk
- No restrictions/maturities
- No fees

Variable Rate

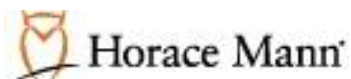


- “Mutual Funds”
- No guarantees
- Always liquid
- Degrees of market risk
- No restrictions/maturities
- Fund management fees

Total fee range (9-30-2016)= .04% - 1.28%

Program review (investments)

RIC Providers



Fund Categories

Principal Protection

Fixed Rate
Money Market

Income (Bond)

Core Bond
Inflation Protection
High Yield
Foreign Bond

Balanced (Stock/Bond)

Traditional Balanced
Target Date

Growth (US Stock)

Large Value
Large Blend
Large Cap Index
Large Growth
Mid Value
Mid Cap Index
Mid Growth
Small Value
Small Cap Index
Small Growth

International/Global

Foreign Stock
Emerging Mkts
World Stock

Alternative

Real Estate
Self-Directed Brkg Acc't
(SDBA-fees vary)

Access to
provider
websites,
quarterly fund
performance,
advisor listings,
fixed rates, etc.
are easily
accessed from
the [RIC website](#).



Iowa Retirement Investors' Club (RIC)
457/401a Plans
Look forward to retirement!

RIC At-A-Glance



Program basics
The Iowa Retirement Investors' Club (RIC) 457/401a program is an employer-sponsored portion of employee rolled in from RIC Participant



How to Enroll
The best time to enroll is NOW! Enrollment is year-round.

RIC Investment Options

There are 2 types of investments offered by RIC providers (see illustration to the right). This chart is designed to show the variety of investment categories available through each provider with more conservative fund options at the top.

Fixed Rate

- Declared rate
- Guaranteed by provider
- Fixed period
- No market risk
- No restrictions/maturities
- No fees

Variable Rate

- "Mutual Funds"
- No guarantees
- Always liquid
- Degrees of market risk
- No restrictions/maturities
- Fund management fees

Fund Categories	Horace Mann (877-602-1861)	MassMutual (800-528-9009) <i>(These funds replace existing funds March 2016)</i>	VALIC (800-945-6763)	Voya (800-555-1970)
Fixed Rate	HM Grp Unallocated Fixed Interest Ann	MassMutual GIA	VALIC Fixed Interest Option	Voya Fixed Plus Account III / 457/401 II
Money Market	Vanguard Prime Money Mkt (Inv)	VMVXX	Vanguard Prime Money Mkt (Inv)	Voya Money Mkt Port (I)
Core Bond	Loomis Sayles Core Plus Bd (N)	NERK	JPMorgan Core Plus Bd (R6)	PTTRX
Inflation P	Vanguard Total Bd Mkt Index (Adm)	VTTLX	PIMCO Total Return (Inst'l)	Voya Intermediate Bd Portf (S)
High Yield			Vanguard Total Bd Mkt Index (Adm)	Voya US Bd Index Portf (I)
Foreign				
Trad'l Bal				
Target Dat				
Balanced				
Domestic Equity				
Large Value				
Large Blend				
Large Cap				
Large Gro				
Mid Value				
Mid Cap In				
Mid Gro				
Small Value				
Small Cap				
Small Gro				
Foreign St				
Emerging				
World Sto				
Real Estate				
SBDA (additional fees)				
Total range of fees				
*Fixed rate account				

Providers and Investments

Conservative investor



Moderate investor



Aggressive investor



Each investor is unique in terms of their investment style, goals, and experience. As an RIC participant, you choose the provider, investment mix, and services that meet your needs. Access basic product information below or contact the provider directly for details about their investment options and services.

RIC providers offer diversified investments, online account access, access to investment experts, and retirement planning tools. RIC providers have knowledgeable investment experts to help you (at no additional cost) evaluate the investment options and determine an investment mix best suited for your savings goals and tolerance for risk. There are no annual contract fees, M&E fees, or penalties for asset transfers between core providers or investments.

Iowa Retirement Investors' Club (RIC)

Pre-Enroll Now!
State of Iowa Employees

Quick Links

- [RIC At-A-Glance](#)
- [Investment Types](#)
- [Fixed rates](#)
- [Product Fees](#)
- [Provider Interview](#)
- [Brokerage Accounts](#)
- [Info for advisors only](#)

Provider	Phone number	Website	Returns	Advisors	Info
 Horace Mann	877-602-1861				
 MassMutual FINANCIAL GROUP	800-743-5274				
 VALIC	800-945-6763/620-875-3201				
 VOYA FINANCIAL	800-555-1970/515-698-7973				

Revised 01/04/16

Pre-retirement



Contribution options – Final pay

You may defer all or a portion of your final pay to RIC. All 457 assets are available at retirement.



Pre-retirement




Contribution options – Final pay

Final paycheck deduction requests must be submitted on the [RIC Account Form](#) by your last day.

RIC Use Only: Provider Plan No. _____

RIC Account Form

 Iowa Retirement Investors' Club (RIC)
457/401a Plans
Look forward to retirement!

Personal Information

Name _____ Social Security # _____
Last First MI Existing accounts use last 4 digits only

Birth Date _____ Employee ID # _____
Agency/Dept _____ State _____ Zip _____
Required for electronic submission only

Address _____ City _____

Phone (work) _____ Phone (home) _____ Phone (mobile) _____

457 Payroll Deduction Election

Changes affect the 1st available check of the month following receipt of this form (unless a later date is indicated). Stop requests must be received by the 15th of the month.

Deduction amount	Horace Mann	MassMutual	VALIC	Voya
Pretax \$ _____	Pretax \$ _____	Pretax \$ _____	Pretax \$ _____	Pretax \$ _____
Roth \$ _____	Roth \$ _____	Roth \$ _____	Roth \$ _____	Roth \$ _____
<input type="checkbox"/> Stop	<input type="checkbox"/> Stop	<input type="checkbox"/> Stop	<input type="checkbox"/> Stop	<input type="checkbox"/> Stop

Deduction frequency (select one)

☐ 12 checks/year ☐ 1st check or ☐ 2nd check
☐ 24 checks/year
☐ 26 checks/year (all checks)

Alternative effective date (if desired)

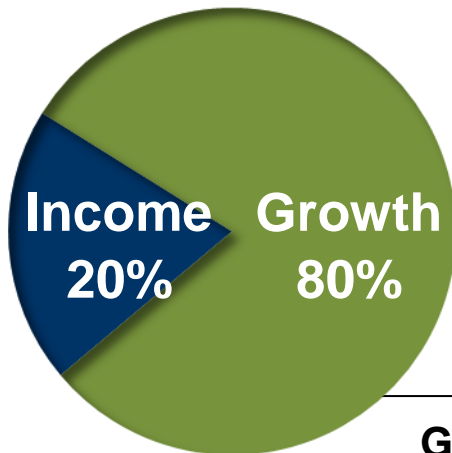
☐ Begin as of _____
☐ 1 check only _____
☐ Final check _____

Pre-retirement

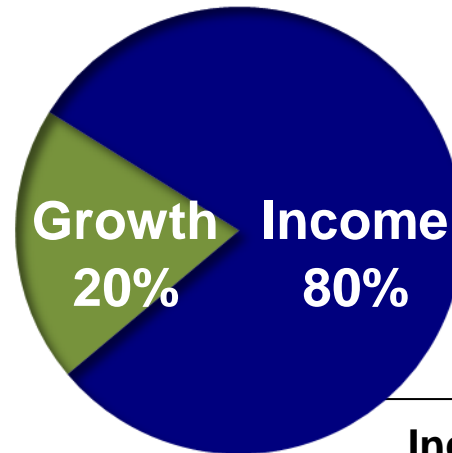


Investment Mix

Your risk tolerance and savings goals likely changed over time-your portfolio should too. Ask an advisor to help.



Growth portfolio



Income portfolio

Pre-retirement



Investment Mix

Each investor has different needs and goals as they approach retirement. RIC provides a variety of investment offerings and services.



Help from local advisor at no additional cost



No-load growth funds & auto-rebalancing



Fixed rates, no market risk, fees, or restrictions



Manage my own stocks & bonds online



Target-date funds to provide income in 10 yrs.

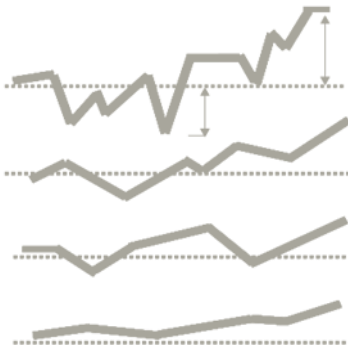
Pre-retirement



Investment Mix

RIC provider representatives can evaluate your investment mix, suggest changes (if needed), and explain the risks associated with each investment.

What kind of *risk* am I taking?



Will this enhance my *nest egg*?



Money markets/savings
IRAs CDs
Savings bonds
Annuities/life insurance
Real Estate
Spouse's 401(k)
Stocks/bonds
Outside mutual funds

In retirement

At separation from employment

You do not have to take your money out until you want it or turn age 70 ½, whichever is first.

You choose how much and when you want to take your money.

Your RIC accounts provide flexible benefits throughout your retirement years.



In retirement

Retiree income/investment needs differ. RIC options include:



Stay invested
& defer taxes
until age 70½



Partial lump
sums as I
need them



Guaranteed
income for
my lifetime



Lump sum for
new business &
monthly income



Fixed rates
& liquid with
no fees



Periodic
payments I
can change

Consider what's most important to you...

In retirement

Make a list of what's important

- Supplement SS and pension income
- Projected date of income need
- Health insurance needs
- Investment goals (safety, income, growth)
- Death benefits (beneficiaries, spouse's income)
- Lifestyle in retirement (hobbies, travel, purchases, clubs, etc.)
- Need for liquid cash (emergencies, extra income)



Bottom line... **You have choices!**

In retirement

- Stay invested in RIC
- Take income
- Roll out of RIC
- Purchase pension credits



In retirement (stay invested)

Staying invested in RIC

- No future contributions allowed.
- Assets remain invested and tax-advantaged.
- Investments remain liquid with no surrender fees.
- Change investments/providers at any time.
- Account access is available 24/7.
- Eligible roll-ins are accepted at anytime.



In retirement (stay invested)

Staying invested in RIC

You may change your RIC provider selection without penalty or restrictions.



If a new provider becomes available, you may take advantage of the new offerings.

In retirement (stay invested)

Staying invested in RIC

IRS Required Minimum Distributions (RMD)

- The IRS requires annual minimum distributions to begin no later than the year you turn age 70 ½ or retire, whichever is later.
- You have up until April of the following year to take your first distribution without penalty.
- **If you fail to take distribution on time, you are subject to a 50% penalty on the required distribution amount.**
- Unused assets remain invested unless you annuitize.

In retirement (take income)

You may take cash at any time with no product restrictions or fees.

Cash may be taken

- As you need it (flexible)
- As lifetime annuity payments (irrevocable)
- As a combination of both

Distribution requests are made directly to your provider. State authorization is not required.



In retirement (take income)

Flexible periodic payments (*not* based on life expectancy)

- You choose the payment frequency and amount.
- Changes (increase, decrease, stop or start) may be made as your income needs change.
- You continue to have access to remaining balance for distributions and investment selection.

Periodic payment options include:

- Fixed dollar amount
- Percentage of assets
- Even distribution of balance over a number of years

FLEXIBLE

In retirement (take income)

Lifetime Annuity Payments (based on life expectancy)

Payments are an even distribution of your annuity balance **based on life expectancy** (single or joint life).

Once you begin receiving lifetime payments,

- Payments are irrevocable
- No access to unused invested balance
- No ability to select investments
- No transfer of assets to beneficiaries

In retirement (take income)

Annuity payments - *Single life calculation*

Payments continue for your lifetime even if you exhaust your account value. May be suitable for those who have longevity in their family, limited income sources, and/or no beneficiaries.

Example

Invested amount: \$100,000

Life expectancy: 18 years (The insurance company predicts life expectancy to be age 83)

Income Benefit: **\$9,006.00/yr**



In retirement (take income)

Annuity payments - *Single life calculation*

What if he lives to be
age **95**?

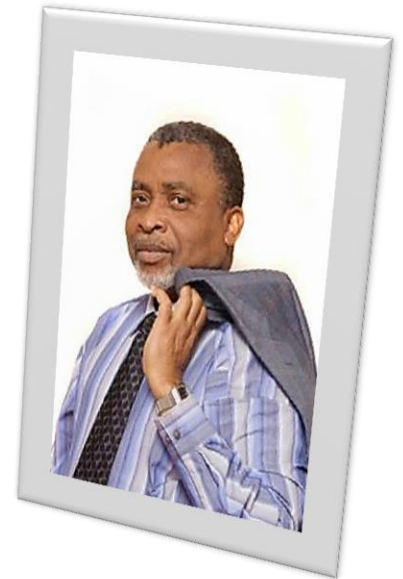
Lifetime benefit
\$270,180.00
(\$9006 x 30 years)

He lived longer than
predicted – the
system worked in his
favor.

What if he lives to be
age **70**?

Lifetime benefit
\$45,030.00
(\$9006 x 5 years)

His balance of more
than \$55,000 will go
to the insurance
company.



In retirement (take income)

Annuity payments - *Joint life calculation*

Provides income for your lifetime and the lifetime of your designated survivor. This option may be best suited for those who have longevity in their (or their survivor's) family and/or limited income sources.

Example

Invested amount: \$100,000

Life expectancy: 27 years (Combined life expectancy of annuitant & survivor)

Income Benefit: **\$7, 600.00/yr**

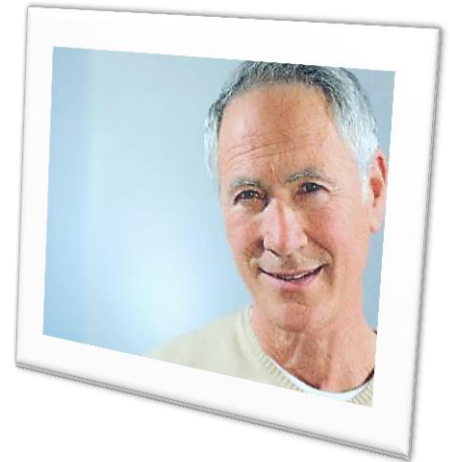


In retirement (take income)

Annuity payments - *Joint life calculation*

Provides income for your lifetime and the lifetime of your designated survivor. This option may be best suited for those who have longevity in their (or their survivor's) family and/or limited income sources.

If the annuitant's survivor dies before him, he will continue to receive the joint rate of \$7,600 per year. Upon his death, the unused portion of his account will go to the insurance company.



In retirement (rollover)

Rollover to outside retirement plan

You may roll your RIC assets to an eligible plan outside of RIC*.

Rollovers are non-taxable.

“Should I move to an IRA?” Each investor is different. IRAs have similar investment risks and may be more costly or restrictive than your RIC accounts.

Be ready to compare...

*If rolled to an IRA or other eligible plan, an IRS 10% penalty may apply to taxable distributions prior to age 59 ½.



In retirement (rollover)

They're looking
for you



You may hear...	What you know...
"Investment selection is limited in RIC."	RIC has fixed rate options (no fees) plus over 125 mutual funds managed by top-performing investment managers at low cost.
"IRAs are safe."	IRA investments have the same risks as all investments and should not be thought of as safe investments in general.
"You're paying too much in RIC."	RIC has no annual contract, M&E, or surrender fees, and no to low administrative fees. Many RIC fund shares are lower cost than retail shares due to economies of scale.
"IRAs have more payment options."	RIC accounts have no restrictions, surrender penalties, maturities, etc. Your money is always liquid. Payment options are numerous. No withdrawal penalty prior to age 59 ½ for 457.
"I can't help you if you stay in RIC."	They can tell you if the investments you hold in RIC complement what they manage. In many cases they can represent an RIC provider.
"I don't get paid if you stay in RIC."	Low RIC fees are part of the plan design and may not pay the advisor as much as retail investments in IRAs.

In retirement (IPERS purchase)

Service Credit Purchase

Once you file for IPERS benefits, you may purchase service credits with both pretax 457 and 401a match assets.



Roth 457 assets are not available for service credit purchases.

Taxes

Taxable distributions - taxed as ordinary income and reported on IRS 1099R.



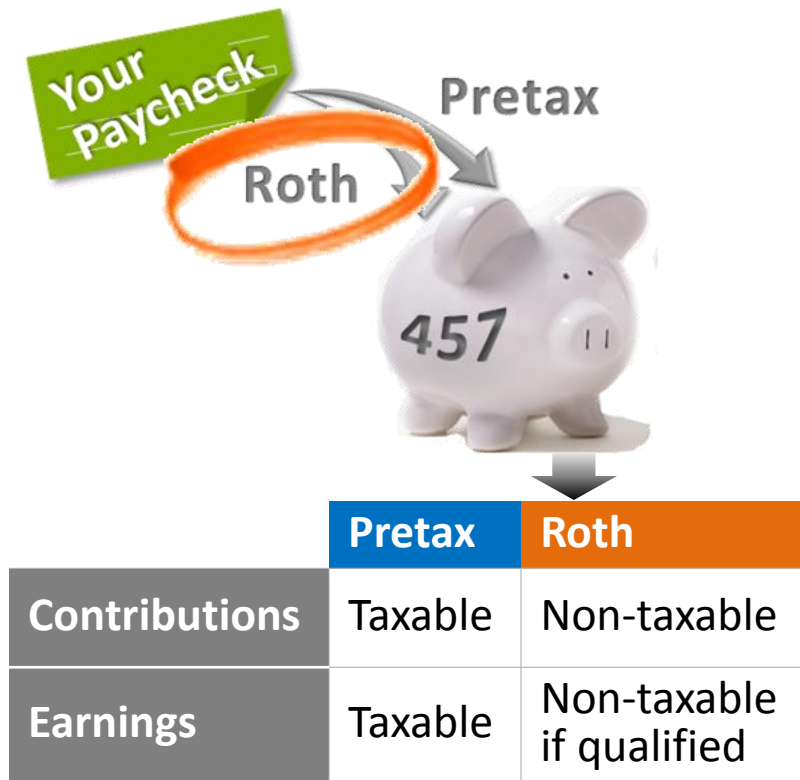
Mandatory withholding - minimum income tax withholding of 20% federal and 5% state*



Tax treatment of distributions differs depending on the taxation of contributions.

* Exceptions on request: Age 70 ½+; annuitization; irrevocable equal payments for 10+ years; reside outside of Iowa (Iowa tax exemption)

Taxes



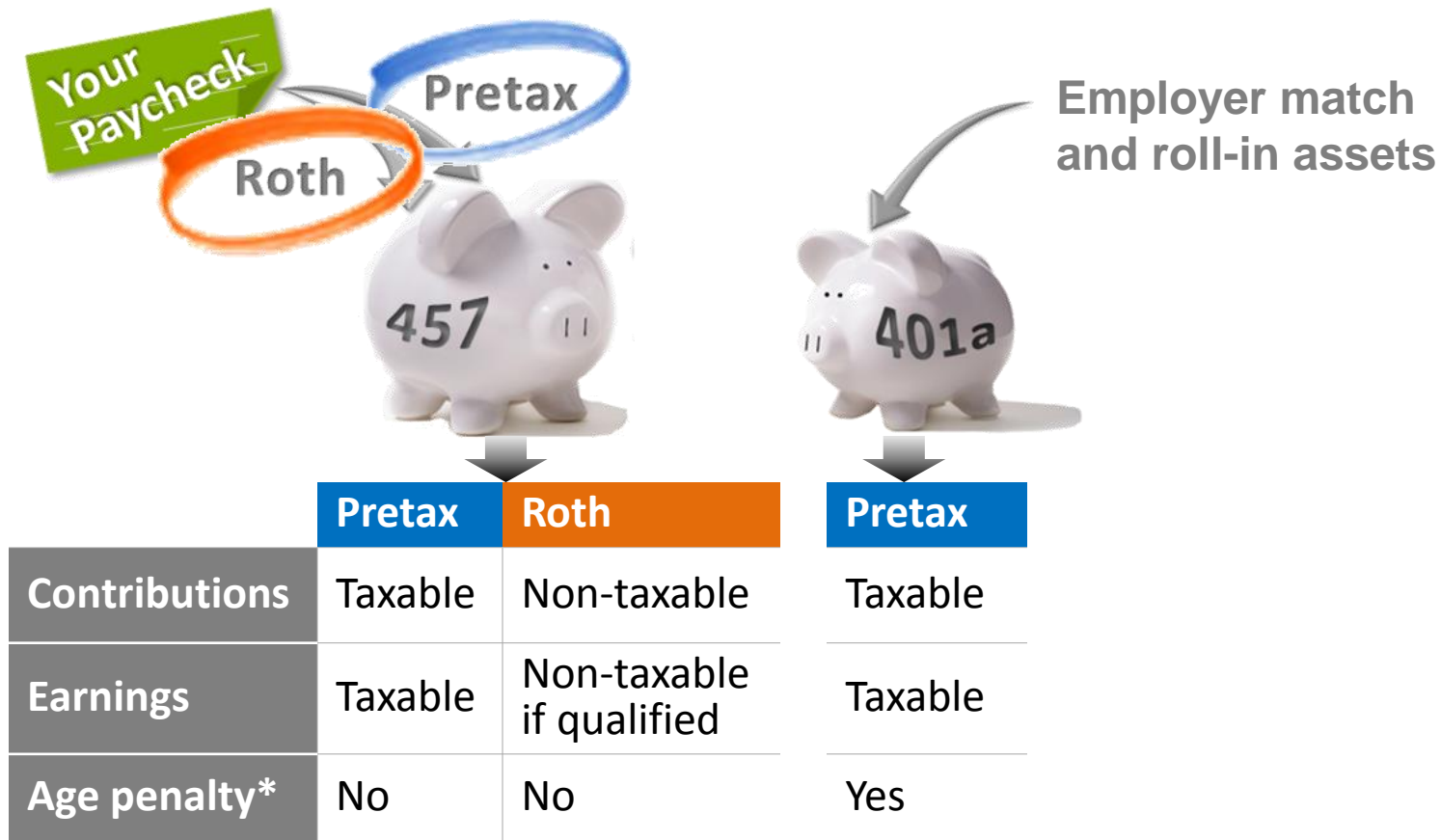
Qualified Roth Distribution:

Roth earnings are tax-free if:

- Distributable event has occurred (separate from employment, turn age 70½, qualify for cash out);
- Roth account open for 5+ years;
- and**
- You are age 59 ½⁺ or disabled

Non-qualified Roth distributions subject to taxation of earnings portion of the distributed amount.

Taxes



*IRS 10% early withdrawal penalty may apply to distributions taken prior to age 59 ½.

Enrollment is easy

Call a RIC provider



The provider supplies everything you need to open your accounts, choose investments, begin payroll deductions, and start getting the match! Ask the provider to help you through the process.

 Horace Mann	877-602-1861
 MassMutual FINANCIAL GROUP [®]	800-743-5274
VALIC [®]	800-945-6763
VOYA FINANCIAL [™]	800-555-1970

Resources

- Call your provider if you have any questions about reviewing your statements.
- Access your account online.
- Review the RIC website.
(<https://das.iowa.gov/RIC>)
- Contact us if you need help.
Robbie Stoecker
515-242-6846
robbie.stoecker@iowa.gov

